

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WATER COMPANY, INC. FOR THE)
APPROVAL OF THE SEMI-ANNUAL ADJUSTMENT) DOCKET NO. 18-0474
TO THE DISTRIBUTION SYSTEM IMPROVEMENT)
CHARGE (DSIC) PURSUANT TO 26 DEL. C. § 314)
(FILED MAY 31, 2018))

ORDER NO. 9239

AND NOW, This 19TH day of June 2018, the Public Service Commission of Delaware (the "Commission") determines and Orders the following:

WHEREAS, on May 31, 2018, Artesian Water Company, Inc. ("Artesian") filed an application (the "Application") to reset its "Distribution System Improvement Charge" ("DSIC Rate")¹ pursuant to 26 Del. C. § 314; and

WHEREAS, Artesian seeks to reset the current DSIC Rate from 4.71%, which was approved by Commission Order No. 9006 and became effective on January 1, 2017, to 3.63%. The requested DSIC Rate is based on net additional plant of \$8,082,967 placed into service between November 1, 2017 and April 30, 2018 and an associated semi-annual depreciation expense of \$64,457; and

WHEREAS, the requested DSIC Rate includes an adjustment for over collection plus interest in the amount of \$447,108 for the period January 1, 2017 through December 31, 2017 relating to the calculation of the pre-tax rate of return; and

¹ The DSIC Rate mechanism is described in greater detail in PSC Order #5850 dated December 11, 2001.

WHEREAS, the error relating to the calculation of the pre-tax rate of return carried over into DSIC revenues collected during the period January 2018 through June 2018. In addition, DSIC revenues collected during the period February 2018 through June 2018 did not reflect a reduction to the Federal Income Tax rate afforded by the Tax Cuts and Jobs Act. As a result, there was likely an over-collection of the DSIC revenue requirement for the period January 2018 through June 2018. However, the actual over-collection is not yet known with certainty as actual 2018 revenues are not yet known. Any over-collection of the revenue requirement for the period January 2018 through June 2018 will be credited to ratepayers, with interest, in Artesian's next DSIC filing; and

WHEREAS, Staff has reviewed the Application and has determined that the requested DSIC Rate does not result in an increase of 5% over the last twelve (12) month period and, therefore, satisfies the requirements of 26 Del. C. § 314(b)(7); and

WHEREAS, Staff recommends that the Commission not specifically approve the requested DSIC Rate, but rather permit the requested DSIC Rate to go into effect on July 1, 2018 on an interim basis subject to review, audit and an annual reconciliation based on the 12-month period ending December 31, 2018 (the "Audit"); and

WHEREAS, Staff further recommends that if the Audit reflects that the requested DSIC Rate was improperly calculated, the Commission properly revise the requested DSIC Rate and provide an appropriate remedy for any DSIC charges improperly collected;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 *Del. C.* § 314, the requested DSIC Rate of 3.63% is allowed to go into effect on July 1, 2018 on an interim basis subject to the Audit and final approval.

2. Pursuant to 26 *Del. C.* § 314(b)(1), Artesian shall provide information to its customers concerning the requested DSIC Rate.

3. Pursuant to 26 *Del. C.* § 314(b)(8), the Commission reserves jurisdiction and authority to conduct the Audit. Artesian is put on notice that it may be obligated to refund or reimburse customers if the Audit determines that the requested DSIC Rate was improperly calculated.

4. Artesian is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 *Del. C.* § 114(b).

5. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary